



Department of Defense

# **PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS**

October 2001 - September 2002

Fiscal Year 2002



**DIRECTORATE FOR INFORMATION  
OPERATIONS AND REPORTS (DIOR)**

OSD  
WASHINGTON HEADQUARTERS  
SERVICES

## **Department of Defense**

### **PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS**

**October 2001 – September 2002**

**Fiscal Year 2002**

---

Defense prime contract awards to U.S. small business firms totaled \$33.3 billion during fiscal year (FY) 2002, compared with \$28.3 billion for FY 2001. Defense awards to all U.S. business firms totaled \$157.1 billion during FY 2002, compared with \$135.8 billion during FY 2001. These reported totals for Defense procurement include a mix of supplies and services as detailed in Table I.

The percentage of total U.S. business dollars awarded to small businesses increased from 20.8 percent in FY 2001 to 21.2 percent in FY 2002. Aircraft, ships and commercial items categories showed percentage increases, while missile and space systems, other major hard goods, services, petroleum, construction, civil functions, and summarized purchases of \$25,000 or less showed percentage decreases.

Defense prime contract awards for Research, Development, Test and Evaluation (RDT&E) are included in Table I and are shown separately in Table II. Small business firms were awarded \$3.4 billion in Department of Defense RDT&E prime contracts during FY 2002 compared with \$3.1 billion during FY 2001. Of the total RDT&E prime contract dollars awarded to all U.S. business firms, small business received 14.4 percent during FY 2002, a 2.0 percent decrease from FY 2001.

Subcontract commitments to small business firms during FY 2001 and FY 2002 are shown in Table III. Commitment figures are obtained from large business firms that receive prime contract awards, valued at \$500,000 or more, that have subcontracting opportunities. The reporting U.S. business firms committed a total of \$75.6 billion in subcontracts during FY 2002, compared with \$60.5 billion during FY 2001. Of these amounts, subcontract commitments to small business totaled \$25.8 billion in FY 2002, compared to \$23.5 billion in FY 2001. Small business firms received 34.1 percent of the reported subcontract dollars during FY 2002, a 4.7 percent decrease from FY 2001.

**TABLE I**  
**SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT**  
(Dollars in Thousands)

TYPE OF FIRM - PROCUREMENT CATEGORY	FY 2002	FY 2001
<b>TOTAL - DoD PRIME CONTRACT AWARDS TO ALL BUSINESS FIRMS</b>	<b>\$157,085,216</b>	<b>\$135,767,545</b>
Aircraft	30,732,487	30,549,010
Missile and Space Systems	11,252,136	8,249,410
Ships	11,469,029	12,049,111
Other Major Hard Goods	24,120,857	18,378,497
Services	36,080,804	28,220,094
Petroleum	2,799,045	3,603,996
Commercial Items	17,164,512	13,175,661
Construction	11,109,257	9,747,808
Summarized Purchases of \$25,000 or Less	8,951,023	8,571,382
Civil Functions	3,406,066	3,222,577
 <b>TOTAL - DoD AWARDS TO SMALL BUSINESS FIRMS</b>	 <b>\$33,298,319</b>	 <b>\$28,253,853</b>
Aircraft	2,170,055	1,809,692
Missile and Space Systems	1,121,836	955,418
Ships	991,508	869,166
Other Major Hard Goods	3,537,276	2,920,848
Services	8,923,779	7,230,232
Petroleum	747,846	1,073,416
Commercial Items	6,031,833	4,383,229
Construction	4,596,681	4,043,685
Summarized Purchases of \$25,000 or Less	3,591,372	3,446,736
Civil Functions	1,586,131	1,521,432
 <b>TOTAL - DoD AWARDS TO OTHER BUSINESS FIRMS</b>	 <b>\$123,786,897</b>	 <b>\$107,513,692</b>
Aircraft	28,562,431	28,739,318
Missile and Space Systems	10,130,300	7,293,992
Ships	10,477,521	11,179,945
Other Major Hard Goods	20,583,580	15,457,649
Services	27,157,025	20,989,862
Petroleum	2,051,199	2,530,580
Commercial Items	11,132,678	8,792,432
Construction	6,512,576	5,704,123
Summarized Purchases of \$25,000 or Less	5,359,651	5,124,646
Civil Functions	1,819,935	1,701,145
 <b>TOTAL - PERCENT OF SMALL BUSINESS TO ALL BUSINESS</b>	 <b>21.2</b>	 <b>20.8</b>
Aircraft	7.1	5.9
Missile and Space Systems	10.0	11.6
Ships	8.6	7.2
Other Major Hard Goods	14.7	15.9
Services	24.7	25.6
Petroleum	26.7	29.8
Commercial Items	35.1	33.3
Construction	41.4	41.5
Summarized Purchases of \$25,000 or Less	40.1	40.2
Civil Functions	46.6	47.2

**TABLE II**  
**SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT**  
**FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION WORK**  
(Dollars in Thousands)

TYPE OF FIRM - DEPARTMENT	FY 2002	FY 2001
<b>TOTAL - ALL FIRMS (RDT&amp;E)</b>	<b>\$23,710,991</b>	<b>\$18,746,767</b>
Army	6,309,749	5,231,259
Navy	6,296,164	3,819,535
Air Force	8,038,039	7,625,543
Defense Logistics Agency	123,255	95,633
Civil Functions	13,518	13,289
Other Defense Agencies	2,930,267	1,961,508
<b>SMALL FIRMS</b>	<b>\$3,418,699</b>	<b>\$3,077,308</b>
Army	1,191,088	1,050,813
Navy	1,151,724	1,012,651
Air Force	802,672	804,185
Defense Logistics Agency	2,176	1,375
Civil Functions	13,277	12,713
Other Defense Agencies	257,763	195,571
<b>OTHER FIRMS</b>	<b>\$20,292,292</b>	<b>\$15,669,459</b>
Army	5,118,661	4,180,446
Navy	5,144,440	2,806,885
Air Force	7,235,366	6,821,358
Defense Logistics Agency	121,080	94,258
Civil Functions	241	576
Other Defense Agencies	2,672,503	1,765,937
<b>SMALL FIRMS AS A PERCENT OF TOTAL</b>	<b>14.4</b>	<b>16.4</b>
Army	18.9	20.1
Navy	18.3	26.5
Air Force	10.0	10.5
Defense Logistics Agency	1.8	1.4
Civil Functions	98.2	95.7
Other Defense Agencies	8.8	10.0

**TABLE III**  
**SMALL BUSINESS SHARE OF DEFENSE SUBCONTRACTS**  
(Dollars in Thousands)

SUBCONTRACTS	FY 2002	FY 2001
Number of Reports from Large Business Firms	2,022	
Subcontracting Commitments by Reporting, Large Business Firms	\$75,536,831	\$60,454,804
Commitments to Small Business	\$25,760,814	\$23,483,666
Percent to Small Business	34.1	